## What is claimed:

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- A method for modulating the production of Aβ11-40/42 peptide fragments comprising contacting a sample or cell containing a beta-site APP-cleaving enzyme 1
  (BACE1) and an amyloid precursor protein (APP) with a BACE1-modulating agent such that production of Aβ11-40/42 is modulated.
  - 2. The method of claim 1, wherein the modulation is inhibition of A $\beta$ 11-40/42 peptide formation.

3. The method of claim 1, wherein the contacting is *in vivo*.

- 4. The method of claim 1, wherein the contacting is in vitro.
- 15 5. The method of claim 1 wherein the BACE1-modulating agent is an anti-BACE1 antibody or a BACE1 antisense molecule.
  - 6. A method for identifying a compound which inhibits beta-site APP-cleaving enzyme 1 (BACE1) expression or activity comprising:
- 20 a) incubating components comprising the compound, BACE1 polynucleotide or polypeptide, and an amyloid precursor protein (APP) under conditions sufficient to allow the components to interact; and
  - b) measuring the production of a BACE1 specific enzymatic product.
- The method of claim 6, wherein the compound is a peptide.
  - 8. The method of claim 6, wherein the compound is a small molecule inhibitor.
- 9. The method of claim 6, wherein the BACE1 polynucleotide or polypeptide is expressed in a cell.
  - 10. The method of claim 6, wherein the BACE1 specific enzymatic product includes a sequence of  $A\beta 11-40/42$ .

11. A compound identified by the method of claim 6.

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- 12. The compound of claim 11, in a pharmaceutically acceptable carrier.
- 5 13. A method for diagnosing a subject having or at risk of having an Aβ11-40/42 peptide accumulation disease, the method comprising:

measuring the amount of beta-site APP-cleaving enzyme 1 (BACE1) in a biological sample from the subject;

comparing the amount BACE1 with a normal standard value of BACE1, wherein a difference between the measured amount and the normal sample or standard value provides an indication of the diagnosis of Aβ11-40/42.

- 14. The method of claim 13, wherein the biological sample is blood, serum, cerebrospinal fluid or central nervous system (CNS) tissue.
- 15. The method of claim 13, wherein the difference is an increase in BACE1.
- 16. The method of claim 13, wherein the amount BACE1 is measured by detecting the amount of a polynucleotide encoding BACE1.
- 17. The method of claim 16, wherein the polynucleotide is mRNA.
- 18. The method of claim 17, wherein the mRNA is detected by PCR.
- 25 19. The method of claim 13, wherein the amount of BACE1 is detected by contacting the sample with an agent that specifically binds to a BACE1 polypeptide.
  - 20. The method of claim 19, wherein the agent is an antibody.
- The method of claim 20, wherein the antibody is a monoclonal antibody.
  - 22. The method of claim 20, wherein the antibody is a polyclonal antibody.

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- 23. The method of claim 19, wherein the  $A\beta 11-40/42$  accumulation disease is Alzheimer's Disease.
- 24. The method of claim 13, further comprising detecting the level of an APP fragment,wherein an increase in the presence of the fragment is indicative of Alzheimer's Disease.
  - 25. The method of claim 24, wherein the APP fragment is a A $\beta$ 1-40, A $\beta$ 1-42, A $\beta$ 11-40, or A $\beta$ 11-42 fragment.
- 10 26. The method of claim 25, wherein the fragments are detected by contacting the sample with an agent the specifically binds to  $A\beta1-40$ ,  $A\beta1-42$ ,  $A\beta11-40$ , or  $A\beta11-42$  fragment.
  - 27. The method of claim 26, wherein the agent is an antibody.
- 15 28. The method of claim 20 or 27, wherein the antibody is detectably labeled.
  - 29. The method of claim 28, wherein the detectable label is selected from the group consisting of a radioisotope, a bioluminescent compound, a chemiluminescent compound, a fluorescent compound, a metal chelate, and an enzyme.
  - 30. A method for diagnosing a subject having or at risk of having Alzheimer's Disease, the method comprising:

measuring Aβ11-40/42 in a biological sample from the subject;

- comparing the amount of Aβ11-40/42 with a normal sample or standard value of Aβ11-40/42, wherein a difference between the amount in the normal sample or standard value is indicative of a subject having or at risk of having Alzheimer's disease.
  - 31. The method of claim 30, wherein the biological sample is cerebrospinal fluid, central nervous system (CNS) tissue, serum or blood.
  - 32. The method of claim 30, wherein the difference is an increase in A $\beta$ 11-40/42 and the increase is indicative of a disposition for Alzheimer's disease.

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- 33. The method of claim 30, wherein the difference is a decrease in  $A\beta 11-40/42$ .
- 34. The method of claim 30, wherein the amount of A $\beta$ 11-40/42 is detected by contacting the sample with an agent that specifically binds to A $\beta$ 11-40/42.

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- 35. The method of claim 34, wherein the agent is an antibody.
- 36. The method of claim 35, wherein the antibody is a monoclonal antibody.
- 10 37. The method of claim 35, wherein the antibody is a polyclonal antibody.
  - 38. The method of claim 34, wherein the agent is an antibody fragment.
- 39. The method of claim 30, further comprising detecting the level of a BACE1
  polypeptide or polynucleotide, wherein an increase in the level of BACE1 is indicative of Alzheimer's Disease.
  - 40. The method of claim 35, wherein the antibody is detectably labeled.
- 20 41. The method of claim 40, wherein the detectable label is selected from the group consisting of a radioisotope, a bioluminescent compound, a chemiluminescent compound, a fluorescent compound, a metal chelate, and an enzyme.
- 42. A transgenic non-human animal having a transgene disrupting expression of BACE1,
  25 chromsomally integrated into the germ cells of the animal, and have a phenotype of reduced
  Aβ peptide as compared with a wild-type animal.
  - 43. The transgenic non-human animal of claim 42, wherein the animal is selected from the group of species consisting of avian, bovine, ovine, piscine, murine, and porcine.
  - 44. The transgenic non-human animal of claim 42, wherein the animal is heterozygous or homozygous for the disruption.

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- 45. The transgenic non-human animal of claim 42, wherein the transgene comprises a BACE1 antisense polynucleotide.
- 46. A method for producing a transgenic non-human animal having a phenotype characterized by reduced expression of BACE1 polypeptide, the method comprising:
  - (a) introducing at least one transgene into a zygote of an animal, the transgene(s) comprising a DNA construct encoding a selectable marker,
    - (b) transplanting the zygote into a pseudopregnant animal,
    - (c) allowing the zygote to develop to term, and
- 10 (d) identifying at least one transgenic offspring whose genome comprises a disruption of the endogenous BACE1 polynucleotide sequence by the transgene.
  - 47. The method of claim 46, wherein the introducing of the transgene into the embryo is by introducing an embryonic stem cell containing the transgene into the embryo.
  - 48. The method of claim 46, wherein the transgenic non-human animal is heterozygous or homozygous for the disruption.
- 49. The method of claim 46, wherein the introducing of the transgene into the embryo is by infecting the embryo with a retrovirus containing the transgene.
  - 50. A method for identifying an agent that modulates the expression or activity of BACE1, said method comprising:

administering an agent to be tested to an organism; and

- 25 comparing the phenotype of the organism contacted with the agent with that of a BACE1-knockout organism not contacted with the agent, whereby a phenotype substantially equal to the BACE1-knockout organism is indicative of an agent that modulates BACE1 expression or activity.
- 30 51. The method of claim 50, wherein the organism is a transgenic organism.
  - 52. The method of claim 51, wherein the transgenic organism is transgenic for overexpression of BACE1; APP expression; A $\beta$ 1-40, A $\beta$ 1-42, A $\beta$ 11-40, A $\beta$ 11-42 expression; or a combination thereof.

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- 53. The method of claim 50, wherein the expression of BACE1 is detected by measuring the amount of BACE1 polynucleotide in the organism.
- 5 54. The method of claim 53, wherein the BACE1 polynucleotide is RNA or DNA.
  - 55. The method of claim 54, wherein the RNA is mRNA.
- 56. The method of claim 50, wherein the activity of BACE1 is detected by measuring BACE1 cleavage of APP.
  - 57. The method of claim 50, wherein the phenotype of the organism is associated with Alzheimer's Disease.
- 15 58. The method of claim 57, wherein the Alzheimer's-associated phenotype is characterized as having a phenotype of impaired performance on memory learning tests and abnormal neuropathology in a cortico-limbic region of the brain.
  - 59. A method for screening for an agent, which ameliorates symptoms of Alzheimer's disease, said method comprising:

comparing an effect of an agent on an organism contacted with the agent with that of a BACE1-knockout organism not contacted with the agent, wherein the organism has a phenotype associated with Alzheimer's Disease and wherein an agent which ameliorates said phenotype is identified by having a substantially equal or superior phenotype of the organism in comparison with the BACE1-knockout organism.

- 60. The method of claim 59, wherein the phenotype of the organism is characterized as having a phenotype of impaired performance on memory learning tests and abnormal neuropathology in a cortico-limbic region of the brain.
- 61. The method of claim 59, wherein the organism is a transgenic organism.
- 62. The method of claim 59, wherein the phenotype is measured by assessing an organism's performance on memory and learning tests.

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- 63. The method of claim 59, wherein the phenotype is measured by assessing the neuropathology in a cortico-limbic region of the brain.
- 5 64. A method for screening for an agent, which ameliorates symptoms of Alzheimer's disease, said method comprising:

with that of a BACE1-knockout organism not contacted with the agent, wherein the transgenic organism is characterized as having a phenotype of impaired performance on memory learning tests or abnormal neuropathology in a cortico-limbic region of the brain and the BACE1-knockout organism has a phenotype of reduced expression of BACE1, wherein the impaired performance and the abnormal neuropathology are in compared with the BACE1-knockout organism, whereby an agent which ameliorates the symptoms is identified by substantially equal or superior performance of the transgenic organism as compared with the BACE1-knockout organism on the memory and learning tests.

- 65. A kit useful for the detection of an A $\beta$ 11-40/42 accumulation disorder comprising carrier means containing therein one or more containers wherein a first container contains a nucleic acid probe that hybridizes to a nucleic acid sequence BACE1 or an antibody probe specific for BACE1 or A $\beta$ 11-40/42.
- 66. The kit of claim 65, wherein the probe is detectably labeled.
- 67. The kit of claim 65, wherein the label is selected from the group consisting of radioisotope, a bioluminescent compound, a chemiluminescent compound, a fluorescent compound, a metal chelate, and an enzyme.
  - 68. A method for predicting the therapeutic effectiveness of a compound for treating Alzheimer's disease in a subject comprising:
  - measuring the accumulation of AB11-40/42 peptide fragments in the subject or the level of BACE1 polynucleotide or polypeptide before and after treatment with the compound, wherein a decrease in accumulation of peptide fragments or a decrease in the level of BACE1 polynucleotide or polypeptide after treatment is indicative of a compound that is effective in treating the disease.

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69. A method for monitoring the progression of Alzheimer's disease comprising: measuring the accumulation of AB11-40/42 peptide fragments in the subject or the level of BACE1 polynucleotide or polypeptide at a first time point and a second time point, thereby monitoring the progression of the disease.